

# AHP Overview and Threshold Requirements



# Presentation Contents

- Background – FHLB and HCI
- Overview of Affordable Housing Program
- AHP Steps and Process
- Threshold Requirements
- What's Next?
- Other Application Resources

# Background - FHLB and HCI



# General FHLB Profile

- Congressionally chartered in 1932, privately-owned wholesale bank
  - Government-Sponsored Enterprise (GSE)
  - Not a government agency; no Federal appropriations
- Owned by “Member” financial institutions
- Cooperative structure; Members are both owners and customers

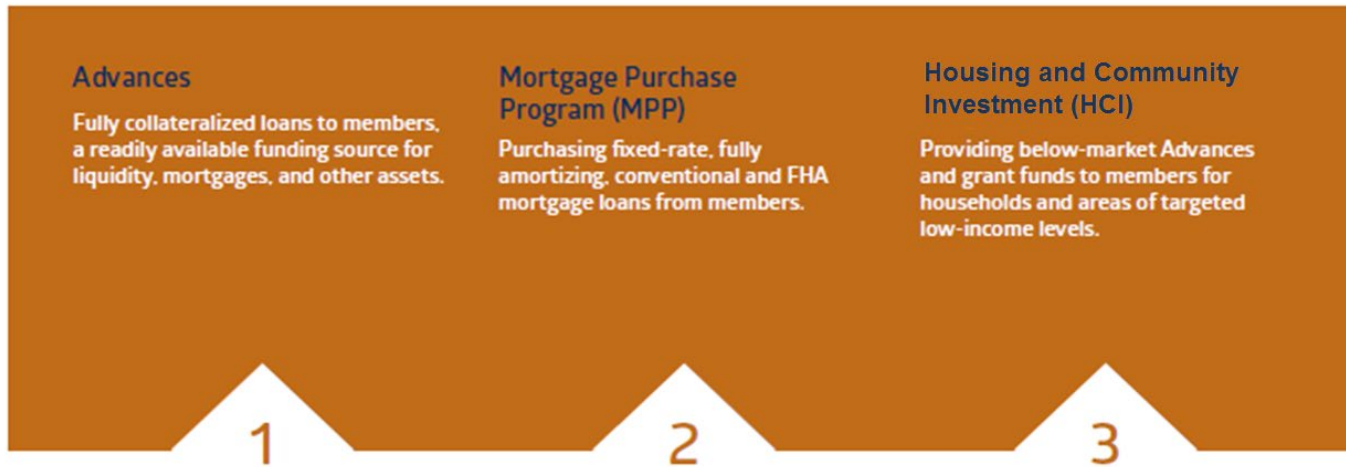
# FHLB Cincinnati

- Members are commercial banks, savings institutions, credit unions, community development financial institutions and insurance companies.
- Membership in FHLB is based on location of organizational charter.
- Fifth District consists of KY, OH and TN.
- FHLB products can be used anywhere a Member does business.



# FHLB Mission

Provide Members with reliable funding to support housing finance.



# Housing & Community Investment

The primary mission of the Housing and Community Investment (HCI) Department is to support our Members' community investment efforts through the responsible investment of available funds in sustainable affordable housing and economic development activities benefiting low- and moderate-income households across the Fifth District.

Overview

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# Affordable Housing Program



# Affordable Housing Program

- Provides direct grants or Advances to support development of ownership and rental housing for very low- to moderate-income households ( $\leq 80\%$  AMI)
  - Federally regulated
  - AHP Implementation Plan sets forth policies for administering the federal regulations
- Competitive application process; projects are evaluated based on:
  - Eligibility and threshold requirements
  - Financial feasibility
  - Scoring criteria

# Source of AHP

- 10% of FHLB Net Earnings
- Private Dollars



- More than 35 years of providing AHP subsidy

# AHP Participants

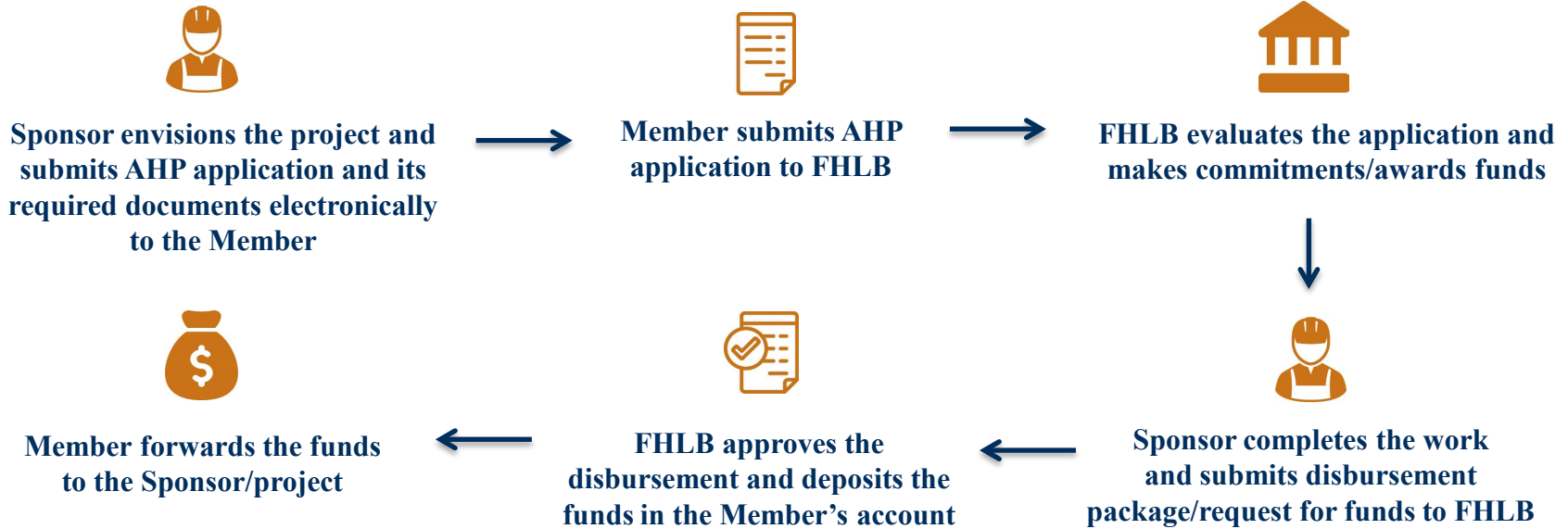
Member financial institutions:

- All applications need a Member.
- Find FHLB Cincinnati Members at [www.fhlbcin.com](http://www.fhlbcin.com) under “Who We Are,” then “Member Directory.”
- Projects can receive points in the AHP scoring system for the Member’s role in the project.

# AHP Participants (Continued)

- Sponsors are housing providers and developers
  - Non-profit organizations
  - Government agencies
  - For-profit entities
  - Other types of organizations
- Sponsors of rental projects must hold the majority share of the ownership interest in the project. Ownership Sponsors must control and manage compliance with program requirements.

# AHP Process Flow



# AHP Eligible Uses

- Ownership or rental housing
- Costs directly related to housing development
  - Acquisition/purchase of land or buildings
  - New construction
  - Rehabilitation
  - Soft costs associated with the aforementioned
  - Any combination of the above

# Types of Eligible Rental Housing

- Multi-family, Persons aged 60+, or Single-family, Single-site or Scattered-site Housing
- Permanent Supportive Housing
- Transitional Housing
- Group Homes/Special Purpose Housing
- Emergency and Domestic Violence Shelters
- Single Room Occupancy Projects
- Re-entry Housing

# Types of Eligible Ownership Housing

- Purchases through a market transaction
- Purchases through a homebuyer program (e.g. Habitat for Humanity)
- Rehabilitation of housing for current owners

# Not Eligible for AHP

- Facilities that require a “Certificate of Need” or medical licensure from the state agency regulating health care facilities
- Predevelopment Costs (only)
- Cash-out Refinancing
- Land Banking
- Capitalized Costs
- Operating Costs
- Commercial Space
- Social Services Space

# AHP Fills the Financial Gap

- AHP funds are used to complete a development's permanent funding or “fill the gap.”
- AHP funds make the project more affordable by:
  - Reducing the amount of other funding needed
  - Reducing the amount of hard debt on a project
  - Reducing the Member's credit risk (lower loan-to-value) and therefore the project's required interest rate

# AHP Subsidy Limits for 2026

- The limit of AHP subsidy per project is \$1,500,000 or 75% of total residential costs for rental projects, whichever is **less**.
- Projects with a current AHP award may not request more than 10 percent more in AHP subsidy when reapplying in 2026. This does not apply to projects who have completed their retention periods.
- Home purchase and traditional rental projects may receive up to \$60,000 per **unit**.
- Owner-occupied rehab projects may receive up to \$19,000 per **unit**.
- Group homes/special purpose housing/shelters may receive up to \$19,000 per **bed**.
- The subsidy limit per Member is \$10,000,000.

# AHP Steps and Process



# AHP Steps for Sponsors

- Sponsors conceptualize and plan project aspects like:
  - Project location (counties for ownership projects)
  - Income and occupancy targets (households with special needs, first-time homebuyers, homeless households)
  - Size and number of housing units or beds (floor plan)
  - Development costs (valid cost estimates)
  - Sources of funds for development (including AHP subsidy)
  - Rent or mortgage payment for targeted households
  - Operating costs and source(s) of funds (if rental)
- Find a Member
- Complete the AHP application

# AHP Steps for Members

- Members meet with Sponsors to review project concepts
- Members determine whether to support projects and partner with the Sponsors
- If a Member partners with a Sponsor, the Member then:
  - Reviews project needs (grant, construction/bridge loan, and/or permanent loan)
  - Determines what type of contributions or concessions will be made to the project
  - Establishes underwriting criteria for the project (for loans)
  - Sets deadline to receive online application from Sponsor to gain necessary approvals
  - Submits AHP online application by set deadline

# 2026 AHP Application Schedule

May 8 Online Application Opens

July 8 Application/Required Documents  
Deadline (5:00 p.m. ET)

November 19 AHP Award Date

*Note that Sponsor registration in OASYS is available year-round.*

# Online Application System (OASYS)

- HCI's online application system (OASYS) will allow Sponsors and Members to apply for funding and manage projects funded through HCI.
  - OASYS includes access to the AHP online application and serves as a compliance document submission portal.

# Application Process for Sponsors

- Sponsors must:
  - Register their organization and designate an Administrator for OASYS via the “Housing Programs” page at [www.fhlbcin.com](http://www.fhlbcin.com)
  - Receive evidence of approval from FHLB via email prior to beginning an application (**allow one business day!**)
  - Start and complete the online application, including project financials/budgets, and upload all Required Documents
    - All questions must be answered in the order they appear, and Required Documents must be uploaded prior to moving the application forward for submission to FHLB

# Application Process for Members

- The online application will alert application contacts when action is required or completed
- Members will:
  - Review and complete the Member Certifications sections of the online application
  - Submit the online application to FHLB by 5:00 p.m. ET on Wednesday, July 8, 2026
- Members cannot change any part of the application besides the Certifications. If changes are needed, the Member must use the “Return to Sponsor” button to return the application to the Sponsor for editing

# Application Process for FHLB

- FHLB will:
  - Review all complete AHP applications submitted by the deadline to:
    - Determine if threshold requirements have been met
    - Verify financial feasibility, reasonableness of costs and project readiness
    - Perform final scoring and ranking of all eligible applications by score
- FHLB's Board of Directors is scheduled to approve funding awards on November 19, 2026

# Sponsors OASYS Login - fhlbcin.com

The screenshot shows the FHLB Cincinnati website. The navigation bar at the top includes 'Who We Are', 'Our Members', 'Housing Programs' (circled in red), 'Careers', and 'Login'. A 'MORE' menu icon is on the right. The main content area is titled 'HOUSING PROGRAMS' and contains a list of programs on the left: Affordable Housing Program, Welcome Home Program, RISE Program, Disaster Reconstruction Program, Carol M. Peterson Housing Fund, Zero Interest Fund, and Community Investment Cash Advances. The main text describes the bank's mission and offers a range of flexible programs. A button labeled 'AHP Application OASYS Login' is circled in red. Below the text, there are two images: one of a row of houses and one of a family standing in front of a house. The Windows taskbar at the bottom shows the date and time as 2:36 PM on 5/7/2020.

# Threshold Requirements



# AHP Threshold Requirements

- All AHP units must be occupied by households with incomes at or below 80% of the AMI
  - Rental projects must reserve at least 20% of the units for households with incomes at or below 50% of AMI
  - Rental projects may have market-rate units that don't receive AHP funds
- Projects with non-residential and/or commercial space must be residential in nature and not medical
- Projects must be affirmatively marketed and comply with all fair housing and accessibility laws
- There must be market demand for the housing

# More AHP Threshold Requirements

- Housing must be appropriate for population being served
- The development team must have the capacity to complete the project as evidenced by:
  - Experience developing similar projects
  - Experience operating like projects (if managing)
  - Successfully completing previous AHP projects
    - As originally approved
    - Without a significant amount of modifications
    - Within set program timelines
    - With no current issues of noncompliance

# AHP Timing Thresholds

- The development team for rental projects must have site control in the form of a deed, lease, option or purchase contract to apply
- Projects cannot be complete prior to AHP award
- Projects must begin incurring AHP-eligible expenses within 12 months of AHP award
- Projects must be physically complete and owned within 36 months of AHP award
- All funds must be disbursed within 48 months

# AHP Financial Thresholds

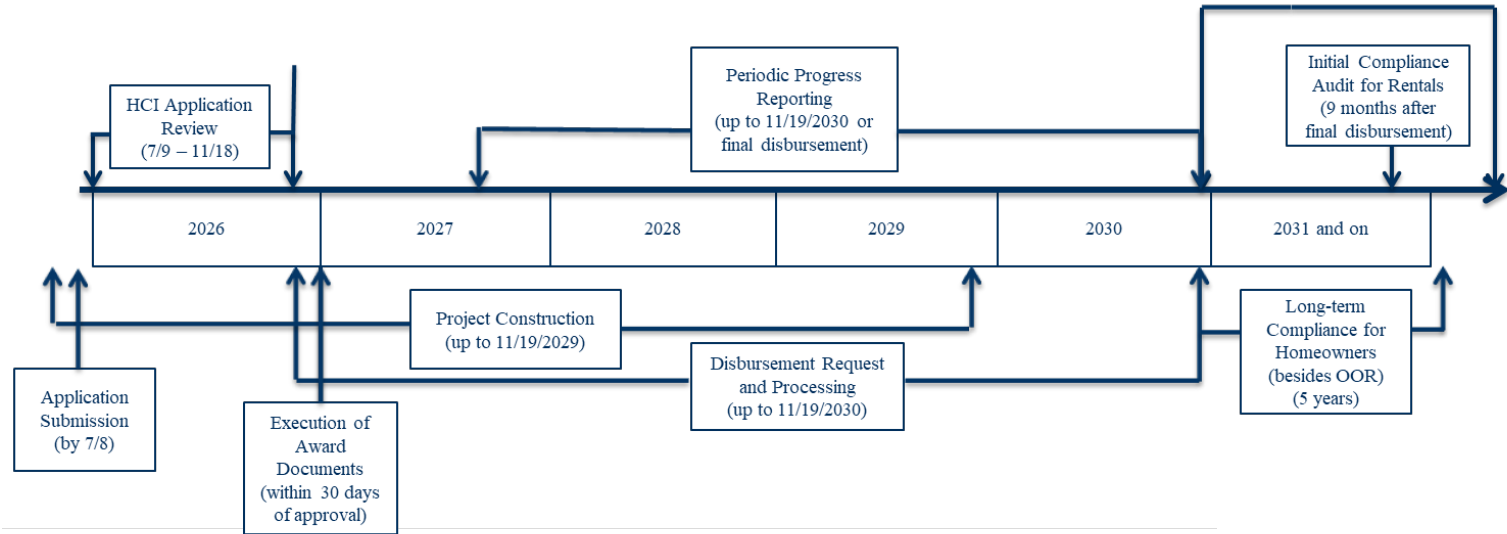
- Expected project costs must be reasonable
- There must be enough funds identified to cover all projected costs (no “TBD” funding sources)
- AHP cannot be used to pay for capitalized costs
- Debt provided must comply with anti-predatory lending and HOEPA laws
- The maximum Assumed market rate for any first mortgage permanent loans for 2026 is 9.00 percent
- Units must be affordable to targeted households!

# What's Next?



# AHP Timeline

## FHLB-initiated Tasks



## Project Participants' Tasks

# Award Notices

- If awarded AHP funds, the project contacts will receive an award letter along with the documents mentioned on the next slide, which they must sign and return within 30 days to accept the AHP funds.
- If the application is not awarded funds, the project contacts will receive a denial letter. Sponsors may call FHLB to schedule an appointment for early 2027 for technical assistance to discuss the details of the FHLB's assessment of the application and why it did not receive an AHP award.

# Approval Documents

- Approval Letter
- Affordable Housing Program Agreement
  - Differs by project type (owner vs. rental)
  - Contains details of the award
  - Provides instructions for the project
- Affordable Housing Direct Subsidy Agreement
  - Required to facilitate funds deposits
  - Must be signed by authorized signers for the Member

# Application Review & Acceptance

- Sponsors and Members receive notification via email of any changes to the AHP application that FHLB made during the application review process.
- Sponsors and Members must sign and date the *AHP Final Application Review and Acceptance* form to accept the amended application.
- If the Sponsor or Member does not accept the amended application, the AHP award will be rescinded.
- FHLB generates the AHP Application Evaluation Report with all review and acceptance emails to demonstrate the final list of all commitments the project must fulfill.

# Disbursement of AHP Funds

- Submit disbursement request documentation specific to project type:
  - Rental projects should submit an AHP disbursement request **within 90 days** of project completion
  - Rental projects may be eligible to draw up to 25% of the total AHP award prior to project completion
  - Ownership projects may submit an AHP Pre-approval Request to qualify each household for AHP funds
  - Ownership projects should submit an AHP disbursement request **within 60 days** of each unit's completion and/or transfer to the household

# Disbursement Assistance Resources

- Available at [www.fhlbcin.com](http://www.fhlbcin.com):
  - Disbursement webinars
  - Instructional manuals
  - Disbursement request forms
- Available in person (dates to be announced):
  - FHLB presentations at area conferences
- Sponsors are required to attend training in each year a disbursement is received!

# AHP Compliance

- FHLB requires reporting on AHP-awarded projects through semi-annual Periodic Progress Reports until all AHP funds are disbursed
- Use the AHP Modification Request Form to request significant changes to project commitments
- Rental projects are subject to additional compliance monitoring nine months after the final disbursement of AHP funds
- Some rental projects undergo additional auditing by FHLB during the 15-year retention period based on their risk levels

# AHP Retention and Recapture

- Most AHP-assisted units are subject to a retention mechanism requiring that FHLB receive notice of any sale, refinance, foreclosure, deed in lieu of foreclosure or other transfer for a specified period.
  - Deed restrictions containing specific language are required for each project not involving owner-occupied rehabilitation.
  - See the most current AHP Implementation Plan for the retention language when completing a project.
- Rental projects must maintain occupancy targets and affordability for a full 15-year period.

# Other Application Resources



# HCI Resources

- Information on all programs offered, as well as manuals, forms and recorded webinars, can be found on the FHLB website at [www.fhlbcin.com](http://www.fhlbcin.com) under “Housing Programs.”
- Contact FHLB directly using one of the following:
  - **AHPApplication@fhlbcin.com\*** for application questions
  - **AHPDisbursement@fhlbcin.com** for disbursement questions

\*The AHP online application communicates from this address.



**CONTACT US**

**WWW.FHLBCIN.COM | T (888) 345-2246**

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FHLB CINCINNATI



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OR CALL 877-925-3453.**



Thank you!

